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BASIC CHARACTERISTICS OF YUGOSLAVIA'S PLAN OF ECONOMIC DEVELOPMENT FOR 1961—1965

Avdo Humo, member of the Federal Executive Council, President of the Committee for the Long-Term Social Plan, at the request of the editor of the Review of International Affairs, describes briefly the basic characteristics of Yugoslavia's New Five-Year Plan.

THE TASKS defined in the new Five-Year Plan for Yugoslavia's economic development are based on the level reached in the economy and on socialist relations in society. The analyses made in this respect indicate the pace and course of future economic development, and the problems which should be solved speedily in order to secure the most favourable and balanced development of the country's productive potential.

The general characteristic of Yugoslavia's postwar development is her high rate of economic growth, notably in the last eight years (1953—1960.) In this period the national revenue increased at an average annual rate of almost 11 per cent: the rate of growth of industrial production was 13 per cent and that of agricultural production 7 per cent. Thus the total volume of production increased more than 2.5 times as compared with 1939, while the per capita national revenue was about 350 dollars, as against the prewar figure of 130—150 dollars. This means that Yugoslavia has passed beyond the

conventional limit of revenue which usually marks underdeveloped countries and created conditions for comprehensive economic development.

The fact that industrial production is today four times as high as in 1939, that it has grown into the principal branch of production, accounting for more than 50 per cent of the gross national production, and that a number of new industrial branches which did not exist before the war have developed and many new lines been successfully produced, are among the many data which may be enumerated in this connection. There are also outstanding achievements in agricultural production, whose present level is by about 60 per cent higher than before the war, thanks to the increasing use of mechanization, along with the use of seeds yielding large crops, fertilizers and other contemporary agrotechnical means. The changes in production, and especially the growth of industry, have led to qualitative changes in the socio-economic structure of the population, for the number of person engaged in agriculture is now half the total population, while before the war it amounted to three quarters. This development has been followed by a considerable rise of the standard of living, in which personal consumption has grown at an average of 7 per cent per annum and the social standard about 19 per cent, which has compensated to a great extent for the lag in the first years of recon-

struction, when the maximum effort had to be made to free the country from her inherited backwardness. All these data on high rates of economic growth, on the widening material and technical bases of the Yugoslav economy and on the simultaneous rise of the standard of living confirm the irrefutable fact that Yugoslav economy has been raised to a higher level, which renders possible more harmonious progress and the more successful solution of all those problems which are the inevitable corollary of the dynamic development of economy.

This development is not only the result of an economic policy which, through intensified investments and changes in structure, aims at creating the prerequisites for speeded up development and efficient earning, along with the rapid growth of the standard of living. It is also the result of the development of socialist relations in which independent action of the working collectives is becoming increasingly important in shaping general economic trends. This system, based on the steady increase of the material bases of workers' self-management and communal institutions and on the interest and initiative of all those who are concerned with economic activity, accounts for more economical and rational utilization of the social means, which has influenced the general pace of economic development.

The progress achieved so far raises several issues which are so important that their solution must be found in the near future. They involve first of all structural relations in industrial production. The intensive investments made in recent years to speed up the development of agriculture and the processing industries have not permitted the simultaneous production of the basic raw and reproduction materials to an adequate extent, which accounts for a certain discrepancy between the basic and processing capacity of the industry. On a higher level, this discrepancy between the creation of the means of production and means of consumption may impede the implementation of our economic policy, especially concerning foreign trade deficit. Hence one of the most important tasks of the plan is to expedite the removal of this discrepancy so as to secure more harmonious relations in economic movement.

The second problem is connected with the technical level of the various sectors of our economy. Although technical working equipment has greatly improved, the technical basis is still on a relatively low level in some of branches, including building construction and forestry, which is reflected in the general rate of working productivity. In considering the successful solution of this problem as one of the basic conditions for stimulating the rapid growth of the productive forces and the standard of living, the plan pays great attention to questions concerning the wide introduction of up-to-date technical methods and modern organization in production.

To these should be added the problems of agricultural production, which are shown in its unfavourable economic situation and the inadequate development of the other activities connected with it. The relatively high costs of agricultural production, its low rate of accumulation, the insufficient number of large social estates, the lack of means of storing, transporting, processing and marketing agricultural products check its rapid development.

Generally speaking, the situation of the economic branches and organizations on the market and their economic policy, constitute key problems regarding the whole system of earning. It is necessary to create more favourable conditions for earning in many economic branches, to remove the remnants of admini-

nistrative measures in the fixing of prices, and to hasten the establishing of real prices for certain basic products. This process will alter the place and the manner of accumulating funds, which will no longer be predominantly concentrated in industry, but created to a much greater extent in other economic branches as well. In addition there is the forthcoming work on improving the other institutional elements of the economic system, especially the distribution of the earnings of the economic organizations in such a way as will stimulate the working collectives to achieve the best results, the introduction of a more elastic crediting system, along with the reform of foreign currency exchange etc. In other words, the new Five-Year Plan is based not only on a defined conception of development and on the securing of its material resources, but also on the acting of an economic system in which the market mechanism and the free decisions of the direct producers should play a greater part. Thus, this plan, unlike those in many other countries, which are mainly based on directions given from above, creates conditions not only for the growth of material productive power, but also for the development of production relations through an economic system in which the producers, freed from administrative pressure on production and distribution, will influence the trend of economy.

It is understandable that in these conditions too, society as a whole must earmark, canalize and regulate the resources which are necessary from the point of view of general public interest and the achievement of the basic political and economic objectives set forth in the plan.

1. The Basic Policy of Production

In production, the policy of future economic development has two basic objectives: first, the creating in the coming period of such conditions as will contribute to the high development of all sectors of Yugoslav economy, and second, the elimination of disproportion in economic growth. Accordingly the plan lays special emphasis on the development of those branches of economy which have lagged behind up to now, and which are indispensable for harmonious and proportionate growth.

But economic development cannot be intensive or harmonious unless changes are made regarding quality and structure, especially in industrial production. These changes must be focussed on speeding up the production of basic raw and reproduction materials for steel and steel products, on whose availability the achievement of the development task in all economic sectors will greatly depend. Thus it is indispensable in the coming period to build up the iron and steel industry so as to increase the production of crude steel to at least 2.3 million tons in 1965, as against the 1.4 million tons of 1960. Another important branch is the chemical industry in which organic chemistry, i. e., the production of plastic material and artificial fibres, is becoming increasingly important. To expedite the growth of the chemical industry, whose output should provide for the widening of the natural raw material basis and various reproduction material, is the more necessary, as in Yugoslavia this industry is still in its initial stage of development. Further changes are expected in the manufacturing of equipment, with a view to enlarging and modernizing the existing production capacity on whose development the speedier introduction of up-to-date technical methods and closer connections with the world economy greatly depends. We should also mention the important changes which will be brought about in the structure of the building industry towards the increased manufacture of modern building material and elements, which will facilitate more up-to-date and rational building

methods. Another feature to be stressed is the intensive development of the industrial branches based on the processing of agricultural and timber products in the coming period, to cover the requirements of the domestic market and to increase the export volume.

The agricultural programme is aimed at raising production by applying modern agrotechnical production and by enlarging the big social estates. The keynote of this policy will be increased diversification of agricultural production, to satisfy the needs of personal consumption as well as those of the processing industries and export, to a far greater extent than before. In this production policy special attention will be paid to the development of stock-breeding and of the farm products which contribute to it (production of cereals for fodder) and to the fuller utilization of the production capacity of the processing branches of industry (the cultivation of industrial plants and herbs). Moreover considerable investments are planned in the allied branches of industry, such as storage, transport, refining and marketing of agricultural produce.

The other economic fields are likewise confronted with important tasks. In the field of transport, the basic elements of development lie in the increasing modernization of the means of transport and in the enlargement of its network. For this purpose large-scale purchase of vehicles is planned, along with the normalization and electrification of several railway lines, the replacement of steam engines by Diesel engines, the construction of new railways, modern highways, sea-ports, river harbours and aerodromes to secure more efficient traffic service, especially as regards speedier transport and more comfortable travel. The capacity of the retail trade, catering establishments, the tourist industry and handicrafts is expected to be considerably enlarged, along with the introduction of higher technical standards to provide for more modern and efficient services for the population.

This production policy will render possible the growth of the Yugoslav economy in the coming period at an average of 11 per cent of social production per annum, in which the volume of industrial production should grow at the rate of 13 per cent and that of agricultural production at more than 7 per cent. Consequently, the value of production should increase by more than 70 per cent as against 1960, which will raise the per capita income from the present 138,000 dinars to about 222,000 dinars. By this Yugoslavia would reach an actual per capita income of nearly 600 dollars in 1965, as against the present rate of 350 dollars, which will mean a great rise in the development of the Yugoslav economy and its approach to the level of other industrially developed countries.

2. Investments and Productivity of Work

The investment policy is adapted to the production policy. In this connection the following basic characteristics should be pointed out:

First of all, the rapid growth of production and earnings coupled with modifications in the structure of production calls for substantial investments.

The plan estimates the share of economic investments in the social product at about 30 per cent, as against the previous rate of 28 per cent. But it should be taken into account that the production potential and the increased volume of accumulation which will be available will render it possible to achieve this relatively high rate of investment without prejudice to the growth of other forms of consumption, including personal consumption.

Another feature of the plan is the distribution of investments, which is arranged so as to secure proportional development, not only of the means of production and of the forms of consumption but also of the other branches of economy. In this connection there will be absolutely and relatively increased investments in industry, first of all in its key branches, including power supply, and in ferrous metallurgy, as well as in the chemical, building and building material industries. The investments in agriculture and transport will be considerably increased too, although their share in the total amount of investments will be relatively reduced.

The investment policy is also characterized by a distribution of the funds which will secure the underdeveloped areas a faster rate of development than elsewhere in the country. The conditions for this are more favourable today than before on account of the greater economic potential of the country and the greater opportunities for earmarking funds for this purpose. Although the investment funds are not distributed administratively, but through competition, the community will earmark twice as much as in previous years for the advancement of the underdeveloped areas, which should lead to a 14 per cent average annual rate of economic growth in such areas, as against the 11.4 per cent rate for the whole country. The basic course of development of the underdeveloped areas should be the building of the branches of industry which will secure the speediest growth of income and employment, and carrying out of projects necessary for intensive economic development (the setting-up of power plants, the construction of roads and other means of transport and communications, the training of personnel etc.) Of course, the inherited differences between the economic level of the less developed and the more developed areas of the country cannot be completely bridged in the relatively short period of five years, but the planned investment funds and other measures (the rendering of technical aid and assistance in the training of personnel and other facilities in the carrying out of investment projects etc.) will help forward the process. This policy cannot but have a constructive influence on the general development of the Yugoslav economy.

The accelerated growth of working productivity is closely connected with the investment policy. The planned volume and structure of investments should lead to a far higher level of technical equipment and progress which will in turn make it possible to apply scientific and technological achievements in the methods of production. This accounts for the extensive measures which will have to be taken in addition to investments in equipment: the enlargement of scientific research institutes and other services for the promotion of production, the improvement of the qualitative structure of man-power, the large-scale training of highly qualified personnel to learn to apply the new technological methods etc. All this calls for investments, not only in the means of production but in man-power in the broadest sense of the word. These measures, along with the further development of our social and economic relations, will speed up the increase of working productivity. Thus the plan anticipates the annual rate of growth of working productivity (measured by the increase of the social product per employed person) to reach about 7 per cent, as against the average of 4.9 per cent in recent years.

The process of including new man-power in the economy or its shifting from agriculture to other branches will develop in step with the application of up-to-date technological methods. As this process will be much quicker than the annual increase of the active population, the percentage of those engaged in agriculture will be further reduced. The number of inhabitants

engaged in agriculture is expected to fall from the present rate of about 50 per cent to approximately 42 per cent in 1965, which will hasten the process of liquidation of the inherited agrarian character of the country and contribute to the growth of general working productivity.

3. Economic Relations with Foreign Countries

The planned volume and structure of production provides for the still more intensive and comprehensive development of economic co-operation with foreign countries. Here the basic objective of the plan is to remove by the end of 1965 the deficit in the exchange of goods with foreign markets, that is to say to achieve a proper balance between the total volume of export and import of goods and services. Thus, the plan anticipates the growth of export at a quicker pace than that of the social product (14.2 per cent as against the annual average of 11.4 per cent) or that of import (10 per cent yearly on the average).

Based on this policy the plan especially calls for the development of those industrial branches whose production costs, assortment and quality should secure a ready market for Yugoslav goods abroad. The exports will, therefore, be centred to a far greater extent than before, on industrial articles of serial and mass production. This refers in the first place to the export of equipment and finished metal products including ship-building and electrical equipment, as well as finished products of the chemical industry, and products of the cellulose, non-ferrous metallurgy and food processing industries.

The growth of the export volume of agricultural products is expected to continue in the coming period owing to the speedier development and changed structure of agricultural production. In this sector exports will predominantly consist of meat and cattle products, maize and other cereals. The export volume of other agricultural products, including fruit and vegetables, is also expected to grow to a considerable extent.

An important element for the balance of payments will be provided by the foreign currency earned by activities not involving the exchange of goods. According to estimates, these earnings will increase more than 70 per cent in the coming five years, primarily as the result of our enlarged merchant marine, along with the improvement of transit conditions and the carrying out of projects to create better conditions for the development of tourism.

The volume and structure of imports show two characteristic elements: first, the share of reproduction materials will be considerably increased in comparison with former years, when food held an outstanding place in imports, and second, the slower increase of imports than of exports. This policy calls for the further increase of domestic production of reproduction materials, especially of industrial origin, since this is the only way to check the expansion of imports and to reach the expected increase of production with the planned import rates.

Yugoslavia expects her economic relations with foreign countries in the coming period to embrace a far wider scope than that of the exchange of goods. This accounts for the other aspects planned in international economic co-operation, such as the exchange of technical experience, industrial, scientific and technical co-operation, long-term investment arrangements etc. which will contribute to a better division of work, specialization and the more rational organization of production. Yugoslavia will endeavour to develop economic relations with all regions and countries, on the widest scale and in the spirit of her policy of peace and active co-existence.

4. Personal Consumption and Social Standard

Further intensive growth of personal consumption and of the general improvement of living conditions is expected to continue in step with the planned growth of production. According to estimates this consumption should increase 50 per cent by 1965 as compared with 1960, which means an average rise of 8.8 per cent yearly as against the rate of 7.3 per cent in the last eight years. The actual personal consumption of the workers employed in the economy should develop according to the curve of working productivity and results achieved. If the planned increase of personal consumption is viewed together with the growth reached so far, the period from 1953 to 1965, that is to say one of 13 years, shows an imposing increase of personal consumption to more than double. The planned growth of personal consumption reveals two basic characteristics: first, development of personal consumption follows until develops in harmony with all the basic components of the economy and, second, this development is to be a permanent element of economic policy. It is beyond doubt that this policy in the development of personal consumption will render it possible to diminish more speedily the difference which still exists in this respect between Yugoslavia and the developed countries.

The increase of personal consumption and its differentiation which will result from a more consistent application of the principle of remuneration according to performance should lead to marked changes in its structure, especially in the reduction of the relative share of food in consumption and the augmentation of that of industrial products. It is estimated that the proportion of food in the total volume of consumption will be reduced from 42 per cent in 1960 to below 38 per cent in 1965, with a simultaneous increase of high quality products at the cost of products poorer in calories. On the other hand, the increase of the share of industrial products from the present 39 per cent to 44 per cent is expected to result primarily from increased consumption of lasting goods, such as electrical household apparatus, radio and television sets, automobiles etc. whose rate of consumption should be doubled within five years. The consumption of other industrial products including textiles, footwear, furniture etc. is also expected to rise. All these changes in the structure of personal consumption should lead to a higher standard of living, which will stimulate the progress of production, especially in the processing branches of industry.

The increased rate of personal consumption is expected to be accompanied by a considerably raised standard of accommodation, including the increase of cubic air space per pupil in schools, of the per capita capacity of health protection and other services, so that the total increase of the social standard should average 13 per cent a year. The fact that the annual investments for the raising of the social standard will be nearly twice as high as in the past years indicates improvement in living conditions, which is one of the essential features of our future development.

In the coming five years at least 500,000 flats will be built which is one third of the total housing capacity of the municipal and rural settlements, and more than the total number of flats built in the last ten years. Similarly in the coming five years new schools amounting to 50 per cent of the present accommodation should be set up according to modern standards. Investments in the building of hospitals, clinics health centres and other medical institutions will be 50 per cent more than the average rate in recent years.

These data concerning the new Five-Year Plan show that Yugoslavia will carry on her policy of intensive economic and social progress, coupled with the harmonious development of all the sectors of the economy and the steady growth of personal consumption and the social standard. Still better conditions will be created for the strengthening of the material

bases of workers' self-management and of the communes the pillars of economic activity in Yugoslavia, and this should lead to the further development of socialist relations in society, and to the still more fruitful creative initiative of the working people, which is one of the essential elements for the successful carrying out of the planned programme of development.

OUR INQUIRY

In order to acquaint the readers of the "Review of International Affairs" with the problems and aspirations of the newly liberated countries of Africa which were admitted at the last UNO General Assembly as members of this Organization, the editor of this Review sent a questionnaire to leading statesmen of these countries. In the last two issues the replies given by Leopold Sengor, President of the Republic of Senegal, and by Archbishop Makarios, President of the Republic of Cyprus, were published. In this issue we publish the replies given by Abubakar Tafawa Balewa, Head of the Government of the Federation of Nigeria, and by Hubert Maga, Head of the Government of the Republic of Dahomey.

The editor asked the following questions:

- 1. What are the main internal problems facing your country since the achievement of independence?*
- 2. Would you like to define the objectives of the foreign policy of your country and the role she intends to play in international relations? What are your views on the problems of anti-colonialism at its present stage in general, and on the United Nations' activity in this sphere in particular?*
- 3. The problem of underdeveloped countries is certainly one of the key problems of our epoch. What form do you think financial assistance to the underdeveloped countries should take? Would you care to let us know your suggestions as to what should be done by the international community to do away with the disproportions in the development of the contemporary world?*

Abubakar Tafawa Balewa, Head of the Government of the Federation of Nigeria:

WE HAVE got a stable Government. We have no reason to doubt that this stability will continue. The main concern of all the Governments of the Federation is to ensure economic development and the security of the country. We are all anxious to improve the living standard of our people, provide employment opportunities for them and make sure that everyone goes about his business in peace.

In this connection we have embarked upon a programme of diversification of our agricultural economy, the encouragement and introduction of secondary industries and improvement of our social welfare services. More and more educational facilities are being provided, health schemes stepped up and roads and bridges constructed. Also all necessary security measures are taken in the interest of the safety and wellbeing of our people.

*

THE OBJECTIVES of the foreign policy of my country are contained in my foreign policy statement to the Federal House of Representatives on August 20, 1960, which has subsequently been unanimously approved by our two Federal Houses of Legislature.

The statement reads:

IN FORMULATING its policy for the conduct of foreign affairs the Federal Government recognizes that its primary duty is to safeguard and promote the interests of the Federation and of its citizens.

We have already declared our intention of applying to join both the Commonwealth and the United Nations. In regard to the former it is important to understand that all members of the Commonwealth are autonomous communities equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs. While therefore benefiting greatly from the free interchange of ideas and consultation between the members of the Commonwealth, and from their experience within the framework of the United Nations we shall nevertheless have a free hand to select those policies which we consider to be most advantageous for Nigeria, subject always to our belief in the principles of the United Nations. We shall, of course, endeavour to remain on friendly terms with every nation which recognizes and respects our sovereignty, and we shall not blindly follow the lead of anyone. So far as is possible the policy for each occasion will be selected with a proper independent objectivity in Nigeria's national interests.

We consider it wrong for the Federal Government to associate itself as a matter of routine with any of the power blocs. This freedom of action will be an essential feature of

our policy and will ensure that full attention is paid to the opinions expressed by our representatives. Our policies, as I have said before, will be founded on Nigeria's interests and will be consistent with the moral and democratic principles on which our constitution is based.

Very particular attention will be devoted to adopting clear and practicable policies as regards Africa. It will be our aim to assist any African country to find a solution to its problems and to foster the growth of a common understanding among all the nations, and especially among the new nations of this continent. We are determined to encourage the development of common ties between all states. The difficulties which will confront us in promoting the friendly association of independent countries in Africa are fully appreciated but we believe that they can be overcome if a start is made by emphasizing and building upon the cultural and economic links which already exist.

This will be followed up by a policy of securing an agreed plan for the improvement of inter-territorial communications and transport facilities, and by the pooling of resources for higher education and scientific research. Although it would be premature at this stage to think in terms of a Common Market for Africa, we are intending to work towards the expansion of trade and travel, and to secure an agreed plan for the improvement of inter-territorial communications and the like.

On the problem of boundaries our view is that although in the past some of these were created artificially by the European powers which even went so far as to split some communities into three parts, each administered by a different Colonial Power, nevertheless those boundaries should be respected and, in the interests of peace, must remain the recognized boundaries until such time as the peoples concerned decide of their own free will to merge into one unit. We shall discourage any attempts to influence such communities by force or through undue pressure to change since such interference could only result in unrest and in harm to the overall plan for the future of this great continent.

It is true that Africa is changing every day. We rejoice to see so many countries becoming independent, but with the good developments there are bound to be some bad ones and we are troubled by the signs which we see of the ideological war between the great Powers of the world creeping into Africa. We shall therefore take steps to persuade the African leaders to take serious note of this distressing trend and we shall make every effort to bring them together, so that having been made aware of the danger we may all find a way to unite our efforts in preventing Africa from becoming an area of crisis and world tension.

We shall not however allow our direct and primary interest in African affairs to blind us to the grave and vital issues which darken the wider international scene. In the United Nations and in any other way possible we shall direct our energies and influence to helping to reach solutions which will contribute to the peace of the nations and the well-being of mankind.

To sum up, we shall do everything in our power to foster co-operation among the countries of Africa and particularly of this part of Africa, and in so far as is compatible with the national interest, and with our membership of the British Commonwealth and of the United Nations we shall maintain cordial relations with all the other nations of the world, firmly opposing all forms of aggression and striving always to obtain

the observance everywhere of those human rights which all parties in Nigeria have agreed upon as fundamental, in particular freedom from racial or religious discrimination."

As regards the question of anti-colonialism, in my view every dependent country should have the right to self-determination. It is the policy of my Government to give full support to the aspirations of all colonial peoples in this direction.

During the current session of the United Nations General Assembly, Nigeria co-sponsored a resolution which calls on Portugal to submit information on its overseas territories. The original resolution requested Spain also to submit information. But in consultation with the co-sponsors of the resolution the Spanish representative confirmed that his Government intended to fulfil its obligations under the Charter with respect to the territories Spain was administering.

When the question of South-west Africa came up for discussion the Union of South Africa raised the "sub-judice" rule and proposed that the discussion be postponed in view of the contentious proceeding already filed by Liberia and Ethiopia against the Union in connection with South-west Africa. The proposal was defeated in a roll-call vote by 67 votes to one, with 11 abstentions. Nigeria voted against the proposal.

At the United Nations Nigeria has also supported the principle that all dependent territories should attain independence as soon as stable government has been assured in such countries.

I am of the opinion that the United Nations Organization is doing everything it can, constitutionally, in the interests of non self-governing territories.

*

I DO AGREE with you that the problem of under-developed countries is an important international question.

I attach more importance to the economic assistance schemes of the big nations which are in a position to give such assistance to under-developed countries and also to the various technical assistance programmes of the United Nations.

With regard to the role that international community can play in order to eliminate the disproportions of development in the modern world my suggestion will be that one organ of the United Nations should be charged with co-ordinating all United Nations efforts in this direction and that it will be necessary to provide still more money. I believe that a successful disarmament negotiation can be to the advantage of the entire world. More money should become available for the development of under-developed countries while expenditure on arms race be cut off.

Our Current Account

"THE REVIEW OF INTERNATIONAL AFFAIRS"
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Hubert Maga, Head of the Government of the Republic of Dahomey:

THE THREE main internal problems which Dahomey has to face are the following:

a) The achievement of the definite unity of the country by effacing every trace of tribal antagonism. This is the basic task to which I have been devoting myself for a year and a half now.

b) The achievement of financial independence by giving up the easy methods inherited from colonial times and by introducing a policy of economizing.

c) The stimulation of the economic development of the country, which requires both human efforts and foreign aid.

*

IN THE FIELD of foreign policy my country has only a few months experience.

It is, however, already obvious that we shall do our utmost to cooperate with all the forces of peace and avoid incorporation into either of the two hostile blocks.

Anti-colonialism is a problem which is overcome here, but it is our ardent wish to live to see Africa completely liberated.

*

IN MY OPINION the first objective of financial aid to the underdeveloped countries should be the creation of a sound national economy, and the second, the securing of markets and fixed prices for our products.

I should like to emphasize that so far we have obtained effective aid for both objectives only from France.

I would like to see the development of an effective movement of international solidarity.

CURRENT TOPIC

Comments on the Change

By Dj. JERKOVIĆ

A CHANGE of administration in the United States takes place every fourth year and has its place among the regular changes in the internal life of that country. Thus it is not surprising that such changes should often have taken place in the past without arousing any special excitement in other countries, where they were either regarded as a token of the solidity and vitality of American democracy, or as a proof that everything will be as before. But some elements which are directly connected with the recent change and the chief actors in it, and the world conditions of the time, have led many people to think that this occasion is not of such limited importance, but has a wider and quite different significance. Eisenhower's departure and the coming of Kennedy are considered by many people both in the United States and outside it, to indicate a change in political views on important contemporary issues, and as the beginning of a new approach to problems in various regions of the world where the United States exerts an influence by no means negligible but not always fortunate. This would indicate that, in view of the political importance of the country and her recognized influence this change may be expected to have considerable repercussions on relations and further developments in the world of today.

The world situation when the United States helmsman is being changed is not such as encourages indifference to this event or to the proportions or character of possible repercussions. The world in which Kennedy is taking his place at the helm of the United States is neither the world of the Truman era nor that of the time when Truman was replaced by Eisenhower. Since then there have been many changes within the Western community itself, to which America used to subordinate most of her political actions. Since the end of the Second World War the Western community has, through different phases of development, reached a fairly high level of economic and general stability, and it may be said that it will be able, at least in the coming years, to subsist without injections from elsewhere. In the East also development in this respect is characterized by marked economic and general progress. Another point is that the present approach to relations with the West should not lead to such reactions as those in the intensive cold war, when the level of security and peace in Europe was alarmingly low.

The greatest changes took place at that period in the regions of Asia and Africa. The process of decolonisation in the two continents was practically completed, and a number of independent states appeared — states which are now being

taken into account as partners in international life, particularly in the forming of a policy which would satisfy interests of the countries of Asia and Africa.

The new helmsman is faced with the necessity of drawing the inevitable practical, political conclusions from this development in a changed world, which demands determined action and adaptation. To put it more concretely: it should be realized that the balance of power with the East has now reached a state of equipoise and that in the course of this development a new factor has appeared on the scene: an independent policy pursued in Asia and Africa and elsewhere, which entails refusal to join conflicting camps or antagonistic groups of powers or to accept a life based on the precarious balance of power between the big powers and the groups led by them.

Translated into terms of American policy this means that the new American administration appears on the scene at a time when it will be compelled to do away with the basic contradictions in its own policy, which have been hampering it for years, paralyzing its actions far more seriously than is usually believed, and doing so most intensively when this policy should be most constructive. It must also be borne in mind that American policy, notably since the end of the Second World War, has been torn between the European friends of that country who are more or less in favour of colonialism, and the increasingly manifest American interest in the establishing of closer contact with the countries of Asia and Africa which were kept in a backward position by their European colonialists.

Similar views and common interests, coupled with the history of anti-communism in the course of the cold war, induced the makers of American policy to give alliances with European partners precedence over interest in establishing closer relations with the Afro-Asian and other independent countries.

Apart from temporary and sporadic fluctuations, the former administration pursued this path until the end of its term, and persisted in ignoring the changes in the world, so that it finally found itself without firm support and without influence on its recovered European partners and still worse, it had not gained the confidence of the numerous Asian and African countries, nor that of the independent world in general, nor had achieved co-operation with them.

If all that is ascribed to the new administration is true, then not only must it be assumed that it is aware of the blind alley into which the policy of the country finds itself as a consequence of its inability to find a way out at the basic dilemma, but as being willing to draw the proper conclusions.

It would be premature to anticipate the actual intentions and the course of action dictated by this policy, but it is interesting to note that there are suggestions, from numerous and sometimes obviously inspired American sources, which precisely lead to such assumption and similar expectations.

One of the suggestions seems to be that, as regards relations with the East a firm attitude should be taken from the position of power, but neither in a provocative nor in an offensive manner. The changed proportions of power, marked by a certain degree of equilibrium, and the awareness that neither force nor war should be used to change the line which divides East and West in Europe, dictate the necessity of accepting the current situation such as it is for a long time to come and of seeking contacts from the existing positions of power, in order to start negotiations with a view to finding a *modus*

vivendi which might later on render it possible to solve some of the open problems arising from their mutual relations.

In short, according to this suggestion, the new administration, as far as its relations with the East are concerned, should encourage in Europe a certain type of co-existence in which efforts should be made to bridge by diplomatic and political means the present division. This line of reasoning seems to be based on the presumption that the final decision in the great struggle cannot be sought in the domain of direct relations, namely in Europe, where both sides face an unsurmountable barrier.

In these conditions the importance of Asia and Africa can only be increased. These continents or, to be more accurate, the states and peoples in them, not only appear as partners to be reckoned with but also constitute a terrain of particular interest for something like a mobile war which may lead to a decision that is impossible to find in the area where this war must be conducted. For bloc political strategy the area of uncommitted countries is primarily a no man's land or free hunting-ground. The boundaries of influence, the spheres of interest, and other forms of border-line between the blocs, are not traced accurately and, in contrast with Europe, adequate efforts made by one side or the other may be expected in this case to be rewarded by wider influence and control, depending on the intensity and character of the efforts exerted.

If there is an intention to seek on the territories of the uncommitted areas a decision on the definite predominance of one side or the other in the next phase of their struggle, it

INTERCONT

Import Export

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KNEZ MIHAILOVA 2-4 P. O. B. 197

CABLE ADDRESS: INTERCONT BEOGRAD

Telephones: „Albanija“ — 20-401-3, 23-231-5

„Borba“ — 38-774, 38-634

Import — 38-975, 39-575

Export — 20-401-3

Service — 29-196, 24-147

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AGENCIES: ZAGREB, MOŠE PIJADE 2, PHONE 39-065
RIJEKA, RADE KONČARA 44/VI,
PHONE 59-45
LJUBLJANA, TUGOMERJEVA 46,
PHONE 31-508
SARAJEVO, ŠTROSMAJEROVA 1,
PHONE 67-72
SKOPJE, ULICA JNA 11, PHONE 16-08

should be said in advance that it is based on error, as is always the case when one reckons without one's host. In formulating a realistic policy towards the uncommitted countries certain matters must be taken into consideration. First the independent countries, or the so-called uncommitted world, should not be regarded as a potential strategic reserve which may be helpful in achieving ascendancy over a rival or attaining world predominance, but as a partner with whom only co-operation on an equal footing is possible. Second, it should be realized that the policy of the uncommitted world is not a reflection of passivity weakness or the evasion of responsibility but the reflection of the awareness that a world divided into blocs, or a world where the privileges and progress of one side are based on the colonization, discrimination and backwardness of the other, can be neither stable nor secure. And third, it is impossible to expect the good will and co-operation of the peoples of the uncommitted areas or seek partnership with them, and at the same time pursue blindly, the interests of the colonial powers, as has been the case up to now in such places as Algeria, the Congo, West Irian, Laos and even in Cuba, where these interests are the source of most of the worst evils in the uncommitted areas.

If it is true that there are indications in relations with the East which promise the confirmation of what was intimated in the days of change of the administration, the same cannot be said about relations with Asia and Africa or with the uncommitted areas of the world. Here American policy has not even verbally expressed any intention of standing aloof and still less opposing to European colonialist allies who, thanks to American support are becoming increasingly active in manufacturing new plots, crises, conflicts and hot-beds of war.

As long as matters stand it cannot be expected that distrust of America, the strongest supporter of colonialism, through NATO and other similar combinations, will give place to feelings of another kind in the uncommitted areas. Still less can the establishment of closer relations with them be expected

for there can be built only on common interests and aims. It could be said indeed that the Algerian, Congolese, and similar problems, constitute testing grounds in this respect, and that the development of American policy on these questions will best determine whether the world is faced with changes, or whether it is to be the object of deliberate deception.

There is indeed a third possibility which is that this policy by taking a middle course will, without drawing away from the colonial partners, try to penetrate into the uncommitted world, forcing its way through gaps whenever and wherever it finds them. This possibility seems to be indicated in the zone covered by the SEATO Pact, but it is not certain that this move can be carried to a successful end nor is it certain that it is altogether possible that it will lead to the desired goal.

By accepting the principle that, in relations with the East, solutions should not be sought otherwise than by negotiation on an equal footing, the policy of the United States will be freed from its ties and dependence on its European colonial, allies in NATO, an organization which was set up to serve as an instrument for dealing with matters with the East in its own way.

The acceptance of this principle would create conditions which would make it easier to understand the aspirations of the uncommitted countries and regions, and to fall in with their views on colonialism and the liquidation of backwardness, so that a world on a more stable base than the balance of power or terror may be built. This would be the way out of the dilemma which for decades has rent American policy from within. And this is the problem to which the new administration must find a reply. There have been various guesses as to what this reply is likely to be, and similar guesses will be made in the future. For the time being the Congo and Algeria, with all the other problems of Africa and Asia, will remain the testing of the intentions and plans promised by the change in the United States, and of what it can achieve in the most important areas of the world today.

VIEWS AND OPINIONS

Constitutionalism and Usurpation in the Congo

By Dr Milan ŠAHOVIĆ

The convening of the so-called round table conference in Leopoldville is merely a fresh attempt to create the impression that the usurpers' administration in the Congo is being consolidated, and as such it once again brings into the foreground the constitutional crisis which this country has faced ever since September 14, 1960, when Kasavubu and Mobutu prevented the legal Government of Premier Lumumba and parliament from exercising their functions. On the previous day September 13, parliament once again passed a vote of confidence in Lumumba and annulled Kasavubu's previous attempt to form a government with Ile as Prime Minister. Today Lumumba, with his

closest associates, is in a prison in Katanga, and exposed to torture and other illtreatment. Throughout this period, the Congolese Parliament has not met once, and the Vice Premier, Gizenga, with the legal government now in Stanleyville, is maintaining continuity of the authority established in the Congo in a constitutional manner, following the first elections, which were held after the adoption of the Fundamental Law (Loi Fondamentale Relative aux Structures du Congo) of May 19, 1960, and which determined the socio-political order of the Congolese Republic.

The deliberately prepared action of the foreign interveners, former Belgian colonialists and other Western powers, which

prevented constructive activity by the United Nations in the Congo, was incited by fear of action by Lumumba, and also of his reputation, for, thanks to his sufferings, he has become a symbol of the struggle against interference by the former colonial powers in the internal affairs of the new independent states. It was this same fear that prompted their agent, Kasavubu, to undertake a number of illegal actions, which turned the Congo into a country of lawlessness and terrorism. The Fundamental Law of May 19, 1960, which is the Constitutional Law of the Republic of the Congo, by being unilaterally annulled by Kasavubu, actually gained in significance as a document proving the illegitimacy of Kasavubu's and Mobutu's rule, and the legal basis for the functioning of the government in Stanleyville. By proclaiming the Constitutional Decree of October 11, 1960, Kasavubu merely established himself as a usurper supported by foreign interveners who, in passing acts of administration of his own, was attempting to create the impression of legality.

But by passing the Constitutional Decree of October 11, 1960, Kasavubu, as head of state, who should have acted on the basis of the Fundamental Law, flagrantly violated his prerogatives. According to Article 17 of this Law, the head of state can exercise executive rule only within the framework provided for by it, and all his decrees must bear the signature of the competent minister. According to Article 21 of the Law, the head of state has no other powers apart from those entrusted to him by it, and according to Article 15, legislative authority is shared between the head of state and parliament, though this too is restricted by it. The head of state is solely authorized, on the basis of Article 27, to issue regulations providing for the implementation of laws, but he is never allowed to abolish laws or prevent their application. In the light of these provisions, the illegal character of the Constitutional Decree, which violates these provisions in their entirety, at once becomes obvious.

By this decree the whole mechanism of supreme authority of the Congo, established by the Fundamental Law, is changed. Kasavubu has set up a Council of Commissaries and has reserved the right to appoint and dismiss them. The work of parliament has been postponed for an indefinite period, though Article 7 of the Fundamental Law does not allow for it to be out of session for more than a month. Kasavubu has transferred the legislative rights of parliament to the Council of Commissaries, and the authorizations of the Prime Minister and the ministers to the President and members of the Council. In brief, by this Constitutional Decree, Kasavubu has completed the process of usurpation of authority, which he began a month earlier by acquiescing in the intervention of Mobutu, whom he appointed Commander of the Army, and by establishing his Council of Commissaries.

After the Constitutional Decree was passed, the General Assembly was forced to announce its recognition of the credentials of Kasavubu's representatives in the United Nations. In spite of this, however, Kasavubu's regime remained as unpopular as ever. On the other hand, Lumumba's popularity increased and at the same time the friendly countries increased their assistance to the legal Congolese Government. Lumumba has been physically separated from the Congolese people, but his government has continued to function under the leadership of Gizenga in Stanleyville, and Kasavubu's illegal acts have been unable to undermine its legality. The Fundamental Law of May 19, 1960, which is the Congolese Constitution, is still valid. By the irony of fate, it was voted by the Belgian Parliament, which had previously agreed on its text with representatives of the Congolese people. These men are now in the prisons of Katanga under the control of the Belgians, or with Gizenga in Stanleyville. In spite of all attempts to check the course of history, the aspirations of the people towards freedom and independence are indestructible and they alone can provide constitutionalism with its legal content.

YUGOSLAVIA TODAY

FOREIGN EXCHANGE REFORM

By Nenad POPOVIĆ

THE BEGINNING of 1961 marked the carrying out of a number of intensive adaptations in the existing foreign exchange and foreign trade regime, whose extent and volume are so comprehensive that they are usually denoted as the foreign exchange reform. In character, quality and form these adaptations mark a logical trend which commenced long ago. They have become particularly necessary in the building, growth and stabilization of the Yugoslav system of socialist economy.

These adaptations have various aspects according to the sectors in which they are effected (financial, commercial, foreign exchange, credit, monetary etc.) as well as the technique and form in which they are carried out. In this survey only

two aspects of the foreign exchange reform will be dealt with: the general internal and the external aspects.

As regards the internal aspect, this obviously involves the further development of a harmonious system of Yugoslav economy and society.

The history of Yugoslavia in the last ten years has been characterized by the creating of such a system. One of its corollaries is that the administrative management of the economy of the first postwar years was gradually abandoned and the centre of gravity shifted to economic organizations and enterprises, while the state assumed responsibility for general guidance through the established economic policy.

This abandonment of administrative management in the economy was, however, greatly impeded by certain material elements, notably industrial backwardness and the insufficient level of the productive forces. Efforts to achieve intensive development, which were substantially based on the country's own resources, were not, and still are not, adequate for this purpose. Besides this, the additional burden imposed by the needs of national defence, as well as unfavourable climatic conditions in agriculture, checked the building of the Yugoslav system. But the strongest pressure was felt on the payments balance, that is to say, in the foreign exchange and foreign trade regime. Despite the initial adaptation to the new system, which was introduced in 1953, the old relations, characterized by a complex and clumsy system of manifold foreign exchange rates, the lack of custom duties, and a poor range of fiscal tax instruments and mechanisms, were more or less retained in the monetary field. A characteristic feature was the virtual lack of administrative restrictions and measures in respect of the quantity of trade, while the administrative distribution of foreign currency (distribution to importers) remained effective. As this allowed circulation only within the limits of the available amount of foreign currency, the whole system was necessarily restrictive, and in essence it implied administrative restraints.

The present efforts are aimed at solving some of these problems by foreign exchange reform. The growth of the Yugoslav economy has reached a pace and volume which make this change both possible and necessary.

The essence of the foreign exchange reform is the elimination of the system of multiple rates, or co-efficients as these rates are called, in Yugoslav economic terminology. Multiple rates can be an appropriate and even efficient (though economically questionable) element in an administratively centralized economy. But in an economy which is partly based on a determined market mechanism, where the taking and carrying out of economic decisions is based on the independence of economic organizations, appropriate unifying forms and instruments must also be adopted. One of these is a uniform economic policy, along with the setting-up and respecting of general economic criteria, and the establishing of a uniform standard for assessing values. During the last two years considerable progress has been achieved in this direction in Yugoslavia. The carrying out of the exchange reform (with the temporary exception of the exchange rate for foreign tourists) is an essential step towards the settlement of this question.

The elimination of multiple rates — co-efficients — entails the need for the establishment of normal instruments to take over the former's functions. From the point of view of imports this refers in the first place and almost exclusively to import duties. The co-efficients which were introduced to secure the adjustment of prices after the elimination of the administrative system, as time went on increasingly took over the functions of customs, i. e., the predetermined adjustment of prices. But as the number of import co-efficients gradually decreased, the gap between the remaining ones increased so that in their customs functions they became a clumsy and even detrimental factor, owing to their lack of elasticity. Thus the introduction of a customs tariff became an urgent task.

This began towards the middle of 1960 through the tariff for import of equipment, and now a normal customs system is being definitely established. But the new Yugoslav customs system will have to be tested in practice before it takes definite shape. At present it is only a question of the establishment of the customs tariff. Through this tariff it will be easier to compare Yugoslav prices and production costs, both in general

and in particular, with the international parity. The elimination of import co-efficients and the introduction of a customs tariff will also entail the improvement of the inland administration of taxes.

In the domain of export the system of co-efficients will be likewise abandoned. This means in practice that the former method of exporting, which was not rational, will be discouraged. In lieu of co-efficients, normal tax and other facilities and compensations will be established, which will render it possible to judge whether the export involved is profitable from the point of view of the whole national economy. The introduction of this new system is by no means simple, and it will take some time before it operates smoothly.

The elimination of multiple rates will be effected through the clearing rate of 750 dinars dollar. The former clearing rate (as the first co-efficient) was at the bottom of the scale of the various co-efficients, viz., at the level of 632 dinars. As the new rate is fixed at 750 dinars it is obvious that the value of the Yugoslav money will not be changed by the foreign exchange reform.

The foreign exchange reform means neither devaluation nor appreciation. It can mean this and it certainly does with regard to certain export and import articles, but this only shows that price conditions and perhaps even the prices of certain articles may change, but not the value of the money. The essence of these changes is the establishment of only one, uniform rate of exchange.

A rate higher than 750 dinars per dollar would undoubtedly create conditions for the expansion of exports and consequently for putting the brake on imports, and eventually achieving

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equilibrium and even a surplus in the balance of payments. But this higher rate would be an inflationary measure. Meanwhile, the present rate of exchange secures the continuation of the rapid growth of Yugoslav economy and production.

The changes in the regime of foreign currency distribution rank among the most important features of the foreign exchange reform. This distribution has been administrative up to now, but a certain form of distribution which was not administrative was achieved through the internal functioning of the system of "circles." Experience has, however, shown that it was doubtful whether the distribution within these circles was economical or rational. In effect, the administrative nature of distribution meant that there was not so much foreign currency distributed as required by the domestic demand. This relation between demand and supply of foreign currency will be settled economically in the future, and in fact this process has begun. Instead of the former distribution of foreign currency to "circles", certain portion of imports is now being set completely free, which means that there are no quantitative restrictions or limitations on the procuring of foreign currency at the fixed rate of exchange. Other imports will be set free as far as foreign currency is concerned, which means unrestricted distribution, but the goods will be subjected to certain restrictive measures (quotas and import licences), while, the hitherto prevailing system of imports canalized through various forms of foreign currency distribution, but without restrictions concerning the goods to be imported, will be retained for some imports.

In fact, the reform of the foreign currency exchange should lead to more distinct and more easily assessable relations and comparisons between domestic and world prices and production costs. This clearer picture will render it possible for the Yugoslav economy to accommodate itself more fully and more economically to the world economy. This, however, does not mean that Yugoslav prices are dependent on the world market, but it does mean that they will be compared with world market quotations. This will affect the orientation of the Yugoslav investment and foreign trade policy and the shaping of current production. There are many factors which call for the inclusion of the Yugoslav economy in the world economy. The Yugoslav economy is of comparatively small dimensions, so that in view of contemporary technical achievements it cannot utilize all its resources in the most rational way unless it is included in the wider scope of international division of work. Autarky is quite alien to the nature of the Yugoslav economy, and both the former restrictions and those that are still in effect in foreign exchange are a reflection of the needs and consequences imposed by the unfavourable balance of payments. The foreign exchange reform aims at removing these restrictions and at creating as normal as possible links between the Yugoslav economy and the world market.

We have said with the world market, but not with the world economy. These terms indicate to some extent the problem itself. As a matter of fact, we cannot speak today of a uniform world economy, but the Yugoslav economy aims at connecting itself with the rest of the world through the world market, and in no other way. The world today is dominated by the fact that the world market is still disunited, and that the world is divided into blocs, systems, regions, developed and underdeveloped, rich and poor etc. What welds all these different and often conflicting qualities and quantities into a whole (a whole which is far from being merely mechanical) is the world market, however restricted or disturbed it may be.

The world market is the common denominator and the goal which is offered to all or to most economies through reciprocal relations and co-operation. In the conditions created by the existing international organizations, beginning with the United Nations, and including all other forms of co-operation and work, international relations can and should be based unconditionally on the principle of respecting the sovereignty of each country in settling its own problems. Thus the creation of a freer world market is not the ultimate objective, but the way towards the widest scope of international co-operation and economic exchange, and the independence and sovereignty of every country.

In these general conditions the Yugoslav foreign exchange reform is aimed at creating the national prerequisites for Yugoslavia's inclusion in various forms of international economic co-operation. Thus for instance, the introduction of the customs tariff will bring her nearer to GATT. As a matter of fact, it is no accident that the Yugoslav foreign exchange reform has been established in co-operation with the International Monetary Fund, which has given Yugoslavia the foreign currency funds to effect the reform, and which is at the head of the international action to arrange for such funds with other countries as well.

In this light it will be useful to analyze the various comments and interpretations which have come from various quarters in connection with the Yugoslav foreign exchange reform. First of all it should be borne in mind that the whole matter of the financing of this reform was settled in a relatively short time. It was in September last year that Yugoslavia applied to the international Monetary Fund, (that institution had of course been kept posted of the preparations), and later to various countries for credits for the necessary revolving funds of foreign currency; and the international preliminaries were completed towards the end of December. The fact that all this was put through in a few months shows that the reform was judged to be the reflection and the result of constructive and favourable trends in Yugoslavia's economy, and not as a measure for its recovery. On the contrary, the reform is the result of a powerful, dynamic and stable economy which has become capable of freeing itself from the restrictions and burdensome methods of the past.

Moreover, the whole reform should be primarily regarded as the reflection of internal trends and adaptability of the Yugoslav economic system. Consequently, the reform also represents an internal need, and it is illusory to try to create the impression that foreign factors influenced Yugoslavia to make such changes in her system. The reform comes as a logical process in the development of the Yugoslav economic system. The fact that it is linked with certain measures, sometimes of a basic character, which are internationally accepted today (uniform rate of exchange, custom tariffs etc.) only enhances its constructive properties. In any case, there is no reason for assuming that measures which are useful and even necessary in almost all other countries should be detrimental to Yugoslavia.

With all this it should be kept in view that the enterprises in the Yugoslav economy are socialist and there exists neither private nor foreign capital in Yugoslavia and therefore such enterprises do not exist either. Thus, the reform will ultimately mean the strengthening and widening of the socialist character not only of the enterprises, but of the whole economy. It is therefore beyond doubt that neither any change in the character of enterprises nor the creation of private capital or the like is involved.

Joint Statement on Yugoslav—Pakistani Talks

At the invitation of the President of the Federal People's Republic of Yugoslavia, Josip Broz Tito, the President of Pakistan Field Marshal Mohamad Ayub Khan, accompanied by Mr. Mohamad Shoaib, Minister of Finance and other officials of the Government of Pakistan paid an official visit to Yugoslavia from January 13 to 16, 1961.

The visit provided an opportunity to President Tito and President Ayub Khan and their associates for a direct exchange of views on relations between the two countries as well as on the general international situation. The talks were conducted in an atmosphere of frankness and mutual understanding.

The two Presidents noted with pleasure that the relations between Yugoslavia and Pakistan have been developing favourably in the course of the last few years. They have also noted with satisfaction that the exchange of visits and personal contacts between statesmen and eminent personalities of the two countries have contributed to a better mutual understanding and they very much hope that such contacts will be continued.

A particularly favourable development is evident in the field of economic relations which have much improved in recent years. It is recognized that mutual interest and favourable conditions exist for further economic cooperation. The expansion of economic relations encourages cooperation in other directions such as in the scientific technical and cultural fields and enhances the general development of bilateral relations.

As a result of earlier talks an agreement has been reached on the delivery of capital goods by Yugoslavia to Pakistan of the value of 10 million dollars on the basis of credit arrangements. Discussion has also taken place about credit arrangements for a further sum of 5 million dollars.

Yugoslavia has in addition promised continued interest in Pakistan's Second Five-Year Plan and agreed to consider the possibility of further credits after the present credit has been utilized. Further interest has also been shown by Yugoslavia in joint projects in Pakistan in the field of agricultural implements, processing industries, hydro electric plant and shipbuilding.

The Presidents have noted that the Yugoslav-Pakistan relations confirm the possibility of constructive cooperation between countries with different social system and with varying views on some international questions, provided the relations are based on full equality mutual respect, non-interference in internal affairs and on the development of mutually beneficial cooperation.

Both Presidents exchanged views on the international situation and expressed concern over its deterioration during the last year. With this in mind they expressed their belief that lasting peace and progress in the world can be achieved only by a gradual elimination of the cold war and through an agreed settlement of outstanding international issues. The whole of mankind is vitally interested in the avoidance of a new world catastrophe. It is therefore necessary that all states apply their efforts to overcome the existing differences in the world and to settle outstanding international problems by peaceful means and in keeping with the principles of the United Nations Charter.

The Presidents have agreed that colonialism in all its forms and manifestations should be eradicated as a necessary prerequisite for maintaining peace and securing progress and stability in the world. They have welcomed the process of emancipation of Asian and African Peoples and have expressed the hope that all dependent peoples will soon fulfil their legitimate aspirations for national liberation and that the newly created States will be able to devote, in full sovereignty, all their energies to their own development and make a constructive contribution to the international community. With

these considerations in mind they have given anxious thought to the existing situation in the Congo and Algeria. Developments in Laos have also caused deep concern.

Both Presidents have noted that a continuation of the armament race, particularly under the present conditions, imposes an increasingly unbearable economic burden on the world and represents a growing danger to peace. They agree that disarmament is a vital international requirement. In their view all countries, big and small, should apply their best efforts for the attainment within the United Nations, of an agreement on general and controlled disarmament as soon as possible.

At the same time they have expressed their firm belief that through energetic and determined efforts the development of economically underdeveloped countries and regions in the world should be expedited and that in this respect the United Nations Organization has special responsibilities. The existence of a large number of countries and regions where poverty and backwardness still prevail represents a great and constant source of instability in the contemporary world and impedes the general progress of mankind.

The Presidents expressed their satisfaction that the two countries have, both in their mutual economic relations and through their activities in the relevant United Nations bodies, cooperated in that sense and they consider it necessary to continue along those lines.

The President of Pakistan has extended an invitation to the President of the Federal People's Republic of Yugoslavia, Josip Broz Tito and Madame Broz, to visit Pakistan, which they have accepted with pleasure.

Points from the Press Conferences

On January 13, 20 and 27 1961, Drago Kunc, spokesman of the State Secretariat for Foreign Affairs, held press conferences for Yugoslav and foreign journalists, and answered a number of questions on current world and Yugoslav problems.

JANUARY 13,

Tito — Sekou Toure Talks. — "During the talks between President Tito and President Sekou Toure of Guinea, both sides established with satisfaction that they shared identical views on crucial world problems. We attach special significance to the fact that both sides have agreed to develop mutual cooperation in all fields of common interest."

Visit of Pakistani President. — "The visit of President Ayub Khan of Pakistan is in accordance with Yugoslavia's policy of developing good relations with all countries willing to cooperate, irrespective of differences in the social system or differing views on world problems. The exchange of views in the course of this visit will undoubtedly contribute to better mutual understanding and the development of international cooperation generally."

Subandrio in Yugoslavia. — "Exchanges of visits between responsible statesmen are one of the forms of close and friendly cooperation between Yugoslavia and Indonesia. The visit of Dr Subandrio, Indonesian Foreign Minister, has afforded yet another opportunity for a useful exchange of views on current international problems and the further development of bilateral relations and is a further contribution to the development of comprehensive mutual cooperation."

Yugoslav — U. A. R. Economic Talks. — "The visit of Mr Sidki, U.A.R. Minister, to Yugoslavia and his talks with Danilo Kekić, Secretary for Industry of the Federal Executive

Council, were an extension of the talks which Hasan Brkić had with Dr Sidki in Cairo last year. They concerned the expansion of mutual cooperation in the economic field and ended to mutual satisfaction — with the signing of an agreement on industrial cooperation. This result of close cooperation between Yugoslavia and the U.A.R. will also act as its further stimulus in all fields — political and others."

Conference in Casablanca. — "The conclusion of the Conference in Casablanca are of great significance. They express the determination of the heads of the African countries who took part in the conference to work out forms of mutual cooperation and unity of action, and to make a constructive contribution to the settlement of urgent problems in that continent, especially those of Algeria and the Congo. We therefore welcome and support the decisions of the Conference in Casablanca."

Lumumba's Letter. — "The letter of the Congolese Prime Minister, Patrice Lumumba, which he sent from prison to Mr Dayal, UN representative in the Congo, again draws attention to the well-known fact of his unlawful arrest and to the inhuman conditions to which he is subjected in prison. It is deplorable that the UNO command and representatives in the Congo have not yet taken any real measures to ensure respect for that country's legal representatives or to enable them to exercise their administrative functions, the more so since it was at their invitation that UN forces were sent to the Congo."

Referendum in France and Algeria. — "We do not wish to go into the details of this problem. The result of the referendum in Algeria itself obviously favours the views of the provisional Algerian government and indicate the need for an early settlement of this question in line with the justified aspirations of the Algerian people."

Note to France. — "We are still awaiting a reply from the French Government to the note sent by the Yugoslav Government on December 27, 1961, protesting against the interception of Yugoslav ships on the high seas."

Albanian denials. — "The Albanian 'denials' describe the sentenced agents as 'common criminals' and 'adventurous, degenerate types'. We think it needless to comment on these admissions and the facts established at the trials so far: that is, that the individuals involved worked for the Albanian intelligence service. However, the provocative raising of the question of the Albanian minority in Yugoslavia in the 'denials' actually reveals the true background and aims of Albanian subversive activity."

JANUARY 20,

Visit of Ayub Khan. — "The visit of President Ayub Khan has helped to advance mutual understanding, and it will certainly contribute towards even better mutual relations and cooperation in the economic, cultural and other fields. It has also revealed the usefulness of personal contacts between the most responsible statesmen and the opportunities afforded by the sincere cooperation of states, regardless of possible differences in their social systems and views on certain international problems, for preserving world peace and settling international problems."

Transference of Lumumba. — "The transference of Patrice Lumumba, Prime Minister of the Congolese Government, from the prison in Tisville to one in Katanga, and his being handed over to the secessionist, Chombe, that is, to the Belgian colonialists, constitutes a new and extremely grave offence on the part of colonial circles. By such acts of violence these circles are trying to prevent any constructive solution of the crisis in the Congo. The handing over of Lumumba to the puppet government of the Katanga Province and the barbarous treatment accorded to the legally elected Prime Minister, the second member of the government, and the president of the senate, casts a heavy responsibility upon the direct executors of these illegal and uncivilized acts and all those Belgian and foreign elements who support them. We cannot but deplore and condemn the attitude of the UN representatives in the Congo, who permit and encourage such acts of violence by groups of usurpers in the Congo and their colonialist sponsors towards the Prime Minister of the Central Congolese Government, at whose invitation the UNO representatives and troops of the UNO were sent to that country. The Yugoslav Government holds that those responsible for the United Nations' mission in the Congo should immediately put an end to such acts, which, apart from being illegal and uncivilized, are directly

aimed at intensifying the crisis in the country and at threatening international relations in Africa and through the world. It is high time that UN representatives should take energetic measures to set at liberty the Prime Minister of the legal Congolese Government and the other freely elected political leaders of the Congo now in prison and to ensure the normal functioning of the constitutional institutions and the Government. From the very beginning, this had been the purpose of the UN mission in the Congo, and in order to carry it out, the UN representatives have at their disposal sufficient material means and the corresponding legal authority."

Referendum on Algeria. — "The statement of the Provisional Algerian Government on a referendum in Algeria is a constructive move, offering the opportunity for a practical solution of

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the Algerian question. It now remains for the other side to take a realistic attitude which would make it possible to end the bloodshed and solve the Algerian issue. The Yugoslav Government has stressed on many occasions that negotiation with the National Liberation Front, which is the unquestionable representative of the Algerian people, is the only way to reach peaceful and lasting settlement of the conflict."

Yugoslav-Sudanese Relations. — "We regard the development of friendly relations between the Sudan and Yugoslavia with great satisfaction. We should like to stress that the spirit of friendship and understanding which characterized the trade negotiations in Khartoum resulted in the signing of a mutually beneficial agreement."

Chinese Attacks on Yugoslavia. — "The recent Chinese attacks on Yugoslavia against which the Yugoslav chargé d'affaires in Peking lodged a protest, are an extension of the common practice in Albanian-Chinese relations to exploit official state visits as well as other occasions for launching anti-Yugoslav attacks. This policy is deliberately aimed at the further deterioration of relations with Yugoslavia, and at poisoning the international atmosphere, and this is directed against the fundamental principles of peaceful coexistence among states."

JANUARY 27

President Kennedy's Speech. — "President Kennedy's inauguration speech clearly reveals his intention to eliminate gradually the present tension in international affairs, whereby conditions would be improved for settling urgent world problems by agreement. If this path is followed consistently, with the active engagement of all countries, we believe that new opportunities would be opened up for the real consolidation of peace and the expansion of international cooperation on equal terms."

Yugoslav Economic Delegation in Africa. — "With a view to advancing mutual cooperation in the economic field, a government delegation is leaving today for the Republic of Ghana, where it will have talks and sign agreements. The delegation will also visit the Mali Republic and several other friendly countries in order to discuss the possibility of expansion of economic cooperation, for which there are good conditions."

Formation of a Foreign Legion in Katanga. — "The formation of a foreign legion in the Congo represents a new and very dangerous expansion of foreign colonialist intervention, and will intensify the crisis in that country and create new obstacles to its settlement. We consider the passive attitude of the UN representatives and command in the Congo towards this measure and towards the prolonged and intensified colonialistic intervention to be a disturbing factor."

French Government's Reply. — "The French Government has sent a reply to the Yugoslav Government's note on the interception of Yugoslav merchant ships on the high seas. In view of the fact that the justified demands of the Yugoslav Government have not been met, we regard the French reply as unsatisfactory."

President Nasser's Speech. — "The Yugoslav public followed President Nasser's speech in the U.A.R. Parliament with great attention, especially that part of the speech referring to the work of the conference in Casablanca, whose decisions we sincerely welcome."

Meetings and Talks

Talks in the League for Peace. — At the invitation of the Yugoslav League for Peace, Independence and Equal Rights for Nations, a delegation of the Bulgarian Committee for the Protection of Peace stayed in Yugoslavia from January 19 to 26, when the two Organizations exchanged views on various problems as well as on the promotion of reciprocal co-operation.

Yugoslav Youth in India and in the U. A. R.. — A delegation of the Yugoslav Youth Organization returned to Belgrade on January 17 from a three weeks' visit to these countries, where they stayed at the invitation of the Youth Organizations there.

Visit of the Secretary of the Youth Organization of Burma. — U Tan Swe, secretary general of the Executive Committee of the Burmese Youth Organization, visited Belgrade for three days in the second half of January and discussed prospects of co-operation with the representatives of the Yugoslav People's Youth Organization and Mika Tripalo, its President.

Negotiations and Agreements

Negotiations between Yugoslavia and Pakistan. — On January 15, Nikola Minčev, state secretary for finances, and Mr. Soad, Pakistan minister of finance, had talks on economic relations between Yugoslavia and Pakistan and discussed the possibility for the delivery of Yugoslav capital goods, against credit arrangements.

Afghan Minister in Yugoslavia. — Mr. Golam Mohamad Serzad, Afghan Minister of Trade, stayed in Belgrade from January 15 to 20, when he exchanged views with Rodoljub Čolaković and Mijalko Todorović, vice-presidents of the Federal Executive Council, and with members of the Federal Executive Council, concerning mutual relations and the extension of economic and technical co-operation, as well as measures for the implementation of the recently concluded economic agreement.

Session of the Danube Commission. — At the Session of the Danube Commission which was recently opened in Budapest basic agreement was reached on the first stage of the carrying out of the important works on the Danube in the period from 1961 to 1965, to secure smooth traffic on the whole navigable part of the river.

Delegation of the Yugoslav National Bank in West Germany. — On January 22 a delegation of the Yugoslav National Bank left for the Federal German Republic to discuss credit arrangements in connection with the changes in the Yugoslav foreign exchange and foreign trade regime.

Talks with the Bulgarian Cultural Delegation. — A delegation of the Bulgarian Committee for Cultural Relations with Foreign Countries, headed by Ivan Jugov, secretary-general of the Committee, arrived in Belgrade on January 22 on a five day visit, as guests of the Yugoslav Committee for Cultural Relations with Foreign Countries. During the Bulgarian delegation's stay an agreement was signed concerning co-operation between these two countries this year and in 1962.

MANKIND

(Chief Editor: Rammanohar Lohia)

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News in Brief

EXPORT — IMPORT

The "Jugoelektro" Foreign Trade Enterprise of Belgrade has contracted a delivery of cables to the Democratic Republic of Germany to the value of over one million dollars. The cables are produced by "Novkabel" and "Elka".

A Belgrade foreign trade enterprise, "Rudnap", has exported ten bulldozers, two scrapers and one dredger to Ethiopia. The value of this delivery is estimated at about 700,000 dollars.

The "Elektron" Electric Equipment Factory of Valjevo has concluded a contract for 450,000 of electric flex to be delivered to the Soviet Union. The business contracted is worth about 300 million dinars.

The "Budućnost" Wickerwork Enterprise of Paraćin exported 50,000 baskets and other wickerwork products to France and Italy last December.

The "Impro" Enterprise of Sombor recently signed a contract for the export of 500 television aerials to Syria, the Lebanon and Egypt. Negotiations are under way for the export of television aerials to Canada.

The agricultural cooperative in Žitkovac, Serbia, is shortly to deliver 400 tons of paprika to a number of European countries, the largest importer being West Germany.

Export — Import — The total value of Yugoslav exports in 1960 was about 27 milliard dinars, i. e., about 19 per cent more than in 1959. The total volume of Yugoslav exports was to the value of some 170 milliard dinars and that of imports of about 230 milliard dinars.

Political Diary

January 14 — A meeting of the Commission for Constitutional Questions was held, with Edvard Kardelj, Vice President of the Federal Executive Council, in the chair. Five subcommissions were formed to prepare the material for the work of the Commission.

January 15 — The Committee for Education of the Federal Council of the Federal People's Assembly discussed problems of physical culture. Its conclusions will be submitted to the Federal People's Assembly for further consideration.

January 24 — A meeting of the Committee for Foreign Affairs of the Federal People's Assembly was held. Koča Popović, State Secretary for Foreign Affairs, and Veljko Mićunović, State Under-Secretary for Foreign Affairs, spoke about current foreign political matters.

January 24 — President Tito invested Dr Ivan Ribar, People's Deputy, with the Order of Hero of Socialist Work, on the occasion of his 80th birthday.

January 25 — The Committee for Economic Affairs of the Standing Conference of Towns held a meeting at which it discussed questions relating to the position of the commune in the new system of distribution.

Diplomatic Diary

January 17 — President Tito received Hasan Ragab, newly appointed ambassador extraordinary and minister plenipotentiary of the U.A.R. to Yugoslavia, who presented his letters of credence.

January 18 — A note of the Yugoslav Government protesting against subversive activities and espionage carried out against Yugoslavia by the Albanian Government was handed to the Albanian chargé d'affaires in Belgrade. The Albanian chargé d'affaires refused to accept the note.

January 22 — The permanent Yugoslav representative in the UNO sent a letter to Dag Hammarskjöld, Secretary General of UNO, referring to the handing over of Lumumba, Prime Minister of the Central Congoese Government of the Republic of Congo, and his associates to the secessionist Chombe, and the latest grave events in the Congo.

Our New Contributors

ABUBAKAR TAFAWA BALEWA, Prime Minister of the Republic of Nigeria.

HUBERT MAGA, Prime Minister of the Republic of Dahomey.

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